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Discrepancies between Unaudited Accounts and Audited Accounts * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	ASIA WATER TECHNOLOGY LTD.
Company Registration No.	200210042R
Announcement submitted on behalf of	ASIA WATER TECHNOLOGY LTD.
Announcement is submitted with respect to *	ASIA WATER TECHNOLOGY LTD.
Announcement is submitted by *	Liu Yujie
Designation *	Executive Director
Date & Time of Broadcast	11-Apr-2011 17:31:37
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2010
Description	Please refer to the attachment.

Attachments

 [AWT_Difference_Between_Audited_and_Unaudited_FinancialResults_110411.pdf](#)
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ASIA WATER TECHNOLOGY LTD.
(Company Registration No. 200210042R)
(Incorporated in the Republic of Singapore)

CLARIFICATION ON DIFFERENCES BETWEEN AUDITED FINANCIAL RESULTS AND UNAUDITED FINANCIAL RESULTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2010

The Board of Directors (the "Board") of Asia Water Technology Ltd. (the "Company" and together with its subsidiaries, the "Group") refers to the announced unaudited financial results for the year ended 31 December 2010 ("FY2010") dated 1 March 2011 (the "Unaudited Results").

With reference to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify the differences between the audited financial results of the Group for the financial year ended 31 December 2010 (the "Audited Results") and the Unaudited Results.

The differences were due to (i) additional allowance for doubtful trade debts being provided in the books of the Group's associate; (ii) reclassification of impairment loss arising from the acquisition of a subsidiary from "Other expenses" to "Loss from discontinued operations, net of tax"; and (iii) reclassification of a prepayment for investment in associate from "Current assets" to "Non-current assets".

Please refer to **ANNEX A** attached for more details.

By Order of the Board
Ong Chye Hong
Tan Kim Han, Raymond
Joint Secretaries

11 April 2011

"This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement."

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Ong Hwee Li (Tel: 65-6221 5590) at 79 Anson Road #15-03 Singapore 079906."

ANNEX A

A comparison of the Audited Results and Unaudited Results for Financial Year ended 31 December 2010 ("FY2010") is set out as follow:

**CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Audited results FY2010	Unaudited results FY2010	Difference	
	RMB'000	RMB'000	RMB'000	
Continuing operations				
Revenue	282,394	282,394	-	
Cost of sales	(205,016)	(205,016)	-	
Gross profit	77,378	77,378	-	
Other operating income	8,614	8,614	-	
Selling and distribution expenses	(14,000)	(14,000)	-	
Administrative expenses	(38,579)	(38,579)	-	
Profit from continuing operations	33,413	33,413	-	
Finance income	21,470	21,470	-	
Finance expenses	(39,351)	(39,351)	-	
Other income	31,208	31,208	-	
Other expenses	(21,552)	(23,076)	1,524	Note 1
Share of results of associate	7,385	8,465	(1,080)	Note 2
Profit before tax from continuing operations	32,573	32,129	444	
Income tax expense	(12,246)	(12,246)	-	
Profit from continuing operations, net of tax	20,327	19,883	444	
(Loss)/profit from discontinued operations, net of tax	(433)	1,091	(1,524)	Note 1
Profit for the year	19,894	20,974	(1,080)	
Total comprehensive income/(loss) for the year attributable to:				
Owners of the Company	22,111	23,191	(1,080)	
Non-controlling interest	(2,217)	(2,217)	-	
	19,894	20,974	(1,080)	
Earnings per share (RMB cents per share)				
Basic and diluted	1.14	1.20	(0.06)	Note 2

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2010

	Audited results 31.12.2010	Unaudited results 31.12.2010	Difference	
	RMB'000	RMB'000	RMB'000	
Non-current assets				
Property, plant and equipment	35,391	35,391	-	
Land use rights	9,370	9,370	-	
Intangible assets	474,510	474,510	-	
Financial receivables	357,764	357,764	-	
Investment in associate	39,163	40,243	(1,080)	Note 2
Prepayment for investment in associate	51,363	-	51,363	Note 3
Deferred tax assets	829	829	-	
Goodwill on consolidation	13,592	13,592	-	
Retention monies	1,405	1,405	-	
	983,387	933,104	50,283	
Current assets				
Inventories	7,215	7,215	-	
Work-in-progress in excess of progress billings	22,483	22,483	-	
Financial receivables	4,666	4,666	-	
Trade receivables	59,781	59,781	-	
Bills receivables	5,540	5,540	-	
Other receivables	75,831	75,831	-	
Prepayments	3,268	54,631	(51,363)	Note 3
Due from associate	69,335	69,335	-	
Bank deposits pledged	17,910	17,910	-	
Cash and cash equivalents	157,323	157,323	-	
	423,352	474,715	(51,363)	
Assets of disposal group classified as held for sale	31,630	31,630	-	
	454,982	506,345	(51,363)	
Current liabilities				
Trade payables	108,954	108,954	-	
Other payables and accruals	184,382	184,382	-	
Provision	1,110	1,110	-	
Progress billings in excess of work-in-progress	32,008	32,008	-	
Bills payable to banks	24,951	24,951	-	
Loans and borrowings	222,564	222,564	-	
Derivative financial instrument	51,019	51,019	-	
Provision for income tax	5,907	5,907	-	
	630,895	630,895	-	
Liabilities directly associated with disposal group classified as held for sale	2,666	2,666	-	
	633,561	633,561	-	
Net current liabilities	(178,579)	(127,216)	(51,363)	

Non-current liabilities				-	
Loans and borrowings	355,493	355,493		-	
Deferred tax liabilities	14,992	14,992		-	
	370,485	370,485		-	
Net assets	434,323	435,403	(1,080)		Note 2
Equity attributable to owners of the Company					
Share capital	415,455	415,455		-	
Accumulated losses	(62,585)	(61,505)	(1,080)		Note 2
General reserve	39,368	39,368		-	
Share option reserve	12,727	12,727		-	
	404,965	406,045	(1,080)		
Non-controlling interest	29,358	29,358		-	
Total equity	434,323	435,403	(1,080)		Note 2

Note 1

The difference of RMB1.52 million relates to the impairment loss on goodwill arising from impairment of goodwill on acquisition of a subsidiary. This subsidiary was identified and classified as a disposal group held for sale under discontinued operations in FY2010. As such, the Company, in consultation with the external auditors, has reclassified the impairment loss from "Other expenses" to the caption of "Loss from discontinued operations, net of tax" to better reflect the substance of the transaction. There is no impact to the Consolidated Income Statement.

Note 2

The difference of RMB1.08 million relates to an additional allowance for doubtful trade debts provided in the books of our associated company - Wuhan Hanxi Waste Water Treatment Co., Ltd. ("Wuhan Hanxi") and reduces the Group's share of results of associate accordingly. The additional allowance was made on management's best estimate and to better reflect the recoverability of the trade receivables recorded in Wuhan Hanxi's books. Consequentially, our "Investment in associate" and "Total equity" decreased by RMB1.08 million and earnings per share (basic and diluted) decreased from RMB1.20 cents to RMB1.14 cents.

Note 3

The difference is due to the reclassification of an advance payment of RMB51.4 million from "Current assets" to "Non-current assets". The advance payment was made in respect to a further investment in Wuhan Hanxi. The reclassification was made to better reflect the substance of the transaction as the advance payment was made in connection with a future increase in "Investment in associate" (i.e. under Non-current assets) upon the finalisation of the investment. As at the date of this announcement, the investment has yet to be finalised. There is no impact to the Consolidated Income Statement. Further announcements will be made via SGXNET as and when required and appropriate.